



**WESTFIELD**  
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**STATEMENT OF  
WESTFIELD GROUP OF FINANCIAL AND INSURANCE COMPANIES  
TO THE  
COMMISSIONER OF THE OFFICE OF FINANCIAL AND INSURANCE SERVICES  
ON CREDIT SCORING AND INSURANCE IN MICHIGAN  
LANSING, MICHIGAN  
JULY 9, 2002**

**INTRODUCTION**

My name is Charles Neeson and I am a Senior Executive of Westfield Group, a group of companies, wholly owned by Ohio Farmers Insurance Company. Our home office is located in Westfield Center, Ohio, thirty miles south of Cleveland.

Ohio Farmers Insurance Company, an 'A' rated (Excellent) company by A M Best, was founded in 1848. Westfield Group provides a broad range of Property and Casualty insurance products to consumers and businesses in 19 states and sells its products exclusively through independent agents. Our 2001 revenues were \$1.2 billion dollars.

We have a significant presence in Michigan. In 2001, we wrote nearly \$70 million in premium and more than 37,000 policies. That same year we incurred over \$44 million in claims and paid over \$1 million in premium tax in Michigan. We have local service offices in Gaylord, Grand Rapids, Livonia, Marquette, and Saginaw, providing claims and marketing services for our Michigan agents and customers. Westfield Group has over 45 employees in those offices. Michigan is a very important state to Westfield Group.

**WE SUPPORT THE USE OF CREDIT IN PERSONAL LINES INSURANCE**

Approximately one year ago we enhanced our pricing structure to use insurance scoring. This enhancement was introduced in phases so that we could provide our independent agents with adequate information and training on this new subject. Our first phase included our largest and most important states, of which Michigan was a part.

Although other states permit both discounts and surcharges based upon insurance scores, Michigan regulations permit only discounts. That said, in all our states where we have introduced insurance scoring, the majority of customers receive a discount. In Michigan, over 66% of new policies written since we introduced insurance scoring received a discount. Obviously, insurance scoring has been good news for the majority of Michigan consumers.

Studies have also shown insurance scores to be unrelated to income. It offers those of lesser means a way to lower their cost of living by lowering insurance premiums. As an industry member, Westfield Group finds this good news. We want to offer products, and discounts, reflecting the expected loss cost, regardless of demographic segment. It's the right thing to do, and is just good business.

Since independent agents usually represent several companies, there is significant competition among companies, whether they choose to use or not use insurance scoring. This environment works to the benefit of the consumer. Further choice is provided to the consumer by direct writers and one-company 'captive' agent companies, who may or may not use insurance scoring. The important point here is that freedom of competition is the conduit for providing the lower costs to the consumer.

Finally, our independent agents have also benefited from insurance scoring. They are now more frequently able to provide a more competitive rate to customers than would have been the case prior to the insurance score discount. The lower rate, coupled with his or her local service, helps the agent compete with direct writing companies, providing jobs and local service in Michigan.